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## **A SUMMARY OF THE PARENTAL AND FAMILY RESPONSIBILITY INITIATIVE**

### **INTRODUCTION**

On April 10, 1992, President George Bush announced at a White House press conference that the State of Wisconsin had been granted federal approval for the Parental and Family Responsibility Initiative (PFR), a pilot project designed to reduce welfare payments by discouraging teenage pregnancy and encouraging teen parents to improve their parenting and work skills.

The pilot, popularly referred to as "Bridefare" or "Wedfare" because one of its goals is to promote 2-parent families, ties into the current Aid to Families with Dependent Children (AFDC) program. It is designed to operate over a 5-year period from July 1, 1993, through June 30, 1998, and will be limited to Milwaukee County and 3 other counties yet to be named. Before the project can begin, however, the 1993 Wisconsin Legislature will need to enact implementing legislation.

The primary objectives of the PFR Initiative are to discourage teen parents on AFDC from having additional children; to change certain features of AFDC which might serve as disincentives to marriage; and to encourage parents to work by allowing them to keep more of their earned income without suffering a reduction in AFDC benefits. Various education, job training and support services are planned.

### **BACKGROUND: THE TEEN PARENT PROBLEM**

There has been increasing concern over the problem of long-term welfare dependency among parents who have their first child before the age of 20. Teen parenthood is often cited as contributing to the so-called "cycle of poverty" because, when compared to individuals who become parents after reaching age 20, teen parents tend to require public financial assistance at a much higher rate; remain dependent on

public assistance longer; and have children who themselves require public assistance at a higher rate and for longer periods.

According to statistics collected by the state, about half of all current AFDC recipients in Wisconsin had their first child when they were teenagers. Low-income unmarried teen mothers are more likely to have low birth weight babies and subsequent closely spaced births. These mothers attain lower levels of education, job skills and work experience; and they tend to continue as single-parent families.

## LEGAL GROUNDWORK

**State Legislation and Administrative Rules.** 1991 Wisconsin Act 39 (the biennial budget, enacted August 8, 1991) created Section 49.25, Wisconsin Statutes, titled "Parental responsibility pilot program". This legislation, proposed by Governor Tommy G. Thompson, directed the Wisconsin Department of Health and Social Services (DHSS) to apply to the federal government for necessary waivers of certain AFDC requirements in order to permit the state to conduct the proposed pilot project.

In order to implement the PFR Initiative, state statutory changes will need to be enacted early in the 1993-94 legislative session. In addition, DHSS will be required to promulgate appropriate administrative rules. If the experiment proves successful and the federal government approves its continuation, state lawmakers may decide to permanently incorporate the changes into the Wisconsin AFDC program, in whole or part, on a statewide basis.

**Federal Waivers.** Aid to Families with Dependent Children is a federally controlled, state-administered program, which evolved from the Social Security Act of 1935 that provided cash grants for children of widowed mothers. The federal government currently pays slightly more than 60 percent of Wisconsin's AFDC costs, based on a formula which compares Wisconsin's per capita income to the national per capita income. Total AFDC spending in Wisconsin in calendar year 1991 totaled approximately \$451 million in state and federal funds.

In order to receive federal funds, the state must administer an AFDC program that, at minimum, provides certain basic benefits as required by the Congress and the U.S. Department of Health and Human Services (HHS). If the state wants to initiate programs which do not comply with federal AFDC requirements, it must receive specific waivers from HHS or seek a change in the law from the Congress.

On March 13, 1992, Wisconsin submitted an application requesting the waivers necessary for the PFR Initiative. Four weeks later at a White House press conference attended by Governor Thompson and HHS Secretary Dr. Louis Sullivan, President Bush announced that Wisconsin's waiver request had been approved, thereby clearing the way for the PFR pilot.

## PROGRAM OBJECTIVES

The primary goals of the PFR Initiative, as stated by DHSS in its waiver request, are to mitigate the financial disincentives which seem to discourage teen AFDC parents from marrying and working and to remove the apparent financial incentives for teen mothers on AFDC to have additional children.

The project seeks to determine whether changes in the AFDC program, together with early social service intervention, can: reduce long-term welfare dependency and promote gainful employment among families headed by teen parents; encourage teens on AFDC to delay subsequent births until they are ready emotionally and financially to support additional children; strengthen family life by promoting and preserving 2-parent families; increase parenting skills through comprehensive services for job training, education and personal development; expedite establishment of paternity; and promote increased emotional and financial support from absent parents.

## PROJECT DESIGN

The group targeted under the PFR Initiative consists of teens who have one child or who are pregnant with their first child when they apply for AFDC. In each county where the pilot operates the target group will be divided by random selection into 2 groups of approximately equal size — the experimental group subject to PFR requirements and a control group subject to the standard AFDC program requirements. It cannot accurately be determined how many individuals will participate in the program until all the pilot counties are selected. However, DHSS has estimated that about 600 teen parents could be affected in Milwaukee County in the first year.

The PFR pilot project is designed to help participants progress toward self-sufficiency and responsible adulthood and parenthood by implementing 6 major changes to current welfare programs.

1. AFDC-Unemployment Parent Criteria Waiver. This portion of the PFR project eliminates apparent disincentives to the creation or maintenance of 2-parent teenage households. Current AFDC requirements allegedly penalize teenage parents who have difficulty finding jobs, particularly jobs which would support a family. The result may be that the teen mother on AFDC remains single because she would lose benefits by marrying.

In general, under existing AFDC rules, when a family has 2 parents in the home, at least one must have a minimum employment history in order to qualify for AFDC. In addition, a family may not remain eligible for AFDC if the primary wage earner in a 2-parent family works more than 99 hours in a month, regardless of the wages earned. The PFR project permits waiver of the employment history requirement and the 100-

hour work rule, as well as a requirement that recipients must be unemployed for 30 days prior to receiving benefits.

**2. Maximum AFDC Payment for Additional Children.** Currently, the AFDC monthly payment increases with the size of the family. The PFR pilot will limit the increase in the AFDC payment for the second child to about half the current increase and will provide no further increases when a third or subsequent baby is born. This feature is intended to encourage teen parents to delay additional births until they are able to support their children themselves, independent of public assistance.

#### Maximum AFDC Payments Under PFR Initiative

	Single Parent Family		2-Parent Family	
	PFR Recipients	Control Group- Regular AFDC	PFR Recipients	Control Group- Regular AFDC
One child	\$440	\$440	\$517	\$517
2 children	479	517	579	617
3 children	479	617*	579	708*

\*Currently, recipients in the control group are entitled to AFDC increases for every additional child, whereas PFR participants' benefits would be capped at the second child.

The AFDC reductions do not affect Medical Assistance (Medicaid) eligibility or food stamp benefits. All children in PFR families, including any born subsequent to inclusion in the PFR pilot, will be eligible for all Medicaid services, and the family's food stamp allotment will continue to increase if additional children are added to the household.

**3. Earned Income Disregard.** The amount of a recipient's AFDC grant is based on the family's size and its monthly gross budgetable income, determined by a formula which takes into account, among other factors: a deduction for work-related expenses, child care costs, and an "earned income disregard" amount. Under current disregard rules, recipients are generally permitted to keep only a limited amount of monthly earned income for a limited period.

Under the pilot, the earned income disregard will be expanded. Employed individuals will be allowed to retain more of their earned income each month, with no time limit on the disregard. This approach, which permits working teen parents to keep a larger share of their earnings before AFDC benefits are reduced, is designed to provide financial incentive for members of the target group to become and stay gainfully employed.

4. Education and Employment Plan. Like all AFDC recipients, those in the PFR pilot will be required to participate in the Job Opportunities and Basic Skills (JOBS) program associated with AFDC. They will receive education and employment-related services through JOBS and will get additional parenting and life skills training. A family case manager will be assigned to each PFR participant to assist in developing a personalized education, employment and services plan. The plan focuses on: education enhancement; completion of a high school degree or equivalent; employment and career development; independent living skills (financial, housekeeping, and family life); child development and parenting skills; health and personal development (family planning, alcohol and other drug education, and mental health services); and emotional self-sufficiency (assertive communication, goal setting, motivation, and problem-solving).

If a recipient fails to cooperate without good cause, AFDC benefit sanctions will be imposed. The goal of the education and employment plan is for participants to enter unsubsidized jobs and to balance family life and employment.

5. Noncustodial Parent Support. Noncustodial parents in the target group who are unemployed or underemployed and are not meeting their child support obligation may be required by a judge to participate in the county JOBS program. This program involves 40 hours a week of education, parenting and work activities. Failure to cooperate with the JOBS program may result in a contempt of court citation.

6. Child Support Enforcement Incentive. The PFR pilot will attempt to improve coordination of income maintenance and child support paternity staff in order to expedite paternity establishment for low-income single teen parents in the PFR target group. Counties that participate in the demonstration will receive a \$200 increase (from \$100 to \$300) in the bonus paid for paternities established within one year for babies born to women under 20 years of age. County child support agencies will be encouraged to use the incentive funding to experiment with innovative ways to establish paternity. In addition, one family court commissioner will be added in Milwaukee County to deal solely with paternity actions.

## PROJECT EVALUATION

Evaluation of the PFR demonstration project will be conducted by a competitively chosen independent contractor. Through a series of annual reports and a final report, the contractor will analyze the project's success in proving a number of hypotheses developed by DHSS, including whether PFR has: reduced or delayed subsequent pregnancies, increased the number of 2-parent families, increased participants' education levels and their employment and earnings, decreased child abuse and neglect cases, increased collection of child support payments, and saved government funds through reduced AFDC caseloads.

## **COST OF PROGRAM**

According to DHSS, the cost of the PFR program cannot be accurately determined at this time because the 3 demonstration counties in addition to Milwaukee County have not been selected, thus making it difficult to estimate the size of the AFDC caseloads. Program costs and benefit savings, if any, are largely dependent on whether PFR incentives and support services successfully influence participant behavior.

In its waiver request to the federal government, DHSS estimated that, over the 5-year life of the demonstration, the PFR Initiative will cost the state about \$3.5 million while saving the federal government about \$1.9 million, for a total net cost of approximately \$1.6 million in government funds. In addition to administrative expenditures there will be extensive costs related to increased education and training and the earned income disregard. However, DHSS anticipates that the increased incidence of employment and marriage (estimated at 10 percent of the PFR group) along with reduced births, an estimated reduction in average length of stay on AFDC (from 6 to 5 years for single-parent families and from 4 to 2.5 years for 2-parent families), and additional child support collections will result in a net savings beginning in the sixth year, based on reductions in AFDC, Medicaid and food stamp costs.

## **SUPPORT AND OPPOSITION FOR PFR**

The PFR Initiative seeks to address the issue that teenage parents tend to need public financial assistance at higher rates and for longer periods than individuals who delay childbearing until after age 20. Opinions vary as to whether the design of the PFR Initiative is an effective and reasonable approach to the problem. Arguments center on the following 3 main PFR objectives.

**Delaying Subsequent Births to Teenage Parents.** Some claim that the current structure of AFDC benefits gives the appearance that teen parents are "rewarded" for having additional children because their AFDC grants increase as subsequent children are born. Proponents of PFR point out that working families do not receive wage increases when they have additional children, although they may coincidentally experience some income increase because of tax adjustments. They assert that cutting the AFDC increase for a second child and eliminating increases for third or subsequent children born to teenage parents in the target group will remove this incentive for more births. The PFR training in parenting and life skills may also cause teens to think before having children who face lives of poverty.

Critics of the PFR approach say it punishes innocent children for the behavior of their parents by denying such children the financial support needed to keep them adequately fed, clothed and housed. They assert that teens, like other people, do not

necessarily make decisions to have children based on a cost-benefit analysis. Rather, their actions stem from a varied and complex set of factors that may include: emotional immaturity and lack of self-esteem, the desire to have someone to love who will return their love and depend upon them, and the wish to escape economic deprivation or abusive circumstances. Some critics of PFR say that AFDC increases for additional children under current law are already so low that they do not adequately cover the cost of additional children. They express concern that PFR may lead to an increased number of abortions by teens who will not be able to afford to keep their babies if faced with reduced AFDC benefits. Instead of punitive sanctions, they urge more programs which provide for the basic needs of the children and enable the parents to gain education and training.

**Encouraging Formation and Preservation of 2-Parent Families.** Studies indicate that the growth of AFDC cases correlates with the increase in families headed by single, teenage mothers. Families where 2 parents are present in the home may be financially better off due to the opportunity for 2 incomes. Based on statistics showing that 2-parent families have shorter lengths of stay on AFDC, proponents argue that marriage may help teen parents escape dependence on welfare. Proponents also claim that 2-parent families may provide a more nurturing atmosphere. They point out that such families provide both male and female role models for children.

As discussed, current features of AFDC may cause one parent to leave the household or never become part of it so that the custodial parent (usually the mother) and the children can qualify for AFDC. Proponents of PFR point out the initiative does not require marriage, but does seek to remove disincentives for AFDC recipients who wish to marry by waiving the unemployed parent criteria. The initiative may also encourage the formation of 2-parent families by permitting AFDC recipients in the target group to keep more of their earnings (the earned income disregard).

Those critical of the feature of PFR that encourages marriage say that a large proportion of teen marriages are unhappy unions which end in separation or divorce. Some critics assert that coercing teens into "shotgun marriages" increases the potential for spousal battery and child abuse and neglect. They point out that if these marriages fail the result may again be AFDC dependence.

**Encouraging Productive Employment.** Current AFDC laws permit employed recipients to keep only a limited portion of their earnings, thus serving as a disincentive to seek or accept full-time employment. PFR supporters claim that allowing AFDC recipients who work to retain more of their earned income before losing AFDC benefits will encourage them to work and eventually achieve financial self-sufficiency. They assert that PFR provides for participation in a comprehensive program of education, job training and life skills which will lead to productive employment.

While critics of PFR generally agree that allowing AFDC recipients to keep a larger share of their earnings will be beneficial, they are uncomfortable with the

sanctions which may be imposed if a teen parent does not satisfactorily participate in the JOBS program. They believe that efforts to assist recipients to help themselves should involve positive support, rather than being punitive in nature.

#### **ADDITIONAL INFORMATION**

Further information about the Parental and Family Responsibility Initiative may be obtained from:

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Wisconsin Department of Health and Social Services  
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1 West Wilson Street, Madison, WI 53702  
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